

Nearly nineteen years have passed since I last sat in a room filled with over 100 tech people in the San Francisco Bay area, the epicenter of the dot-com boom. Memories of my days living here during that time—the last half of the 1990s—flash through my mind. Back then I attended gatherings and launch parties every week to talk about and see some of the latest Internet-related developments with entrepreneurs, tech developers and some of the most influential tech magazine editors of the day. It was an incredible time, an incredible experience. But only a small handful of the people there, back then, had anything to do with music.

Last week was different. I was to sit through several working group sessions for roughly 20-plus hours over a three-day period observing, listening and taking note. In effect I was a student, investigating and examining thoughtfully the work at hand. Everything would be related to the business of music. I was under no obligation to write about, to report on or to do anything other than sit in on any sessions of interest to me, to keep confidential the names of individual participants and anything else that seemed to be of a confidential nature, and to then share my thoughts and any insights I may have about that work with the governing board.

This would be a big challenge for me. I am unable to sit through even a single 45-minute panel discussion or keynote address at a business conference without my mind wandering off and wanting instead to be doing something. As a result, typically I either leave mid-session or entirely pass on the opportunity to attend such conferences at all.

As if reading my mind, a few executives attending the gathering last week even predicted that the discussions to be held during the working group sessions would be so technical in nature that they would lose my attention by mid-morning of the first day.

Amazingly, that did not happen. By the late afternoon of the second day, as I was writing some notes about their work, I wrote a note to myself: “Why am I still here? Why not bored? Why very interested, engaged in what they are doing—saying?”

I am not going to tell you the name of the group yet, but I will tell you what interested me the most. In the coming months I may also provide more details about many of the specific activities that will impact you or your company.

The Group

These individuals are part of a group that focuses on messages that are exchanged digitally. Stay with me here, don't assume that everything I write is going to get really technical. This is a story about people and the business of music.

Remember that hundreds of thousands of recorded music tracks are distributed or re-distributed each year now. People around the world listen to music trillions of times each year. Think of your email Inbox. Would you like to receive—and could you even fathom you or your email sorting preferences being able to handle—emails (one type of messages exchanged digitally) with information about each one of those

recordings and uses? Of course not. There must be ways to handle this information automatically with very little manual/human interaction.

And do you want your company to be profitable, to see money arrive in your bank account and to know that creators and performers are being compensated for their music that consumers hear? Then stay tuned here.

This group creates, modifies and promotes the use of uniform ways (standard ways or 'standards') of providing information in certain messages. I think of the standards for these messages as having three parts.

One, the message standards contain some information that is necessary for some parties to have in order to track music use or to get paid, so it must be shared (mandatory info), and information that is helpful to have, so it may be shared (optional info).

Two, the message standards contain certain categories of information, just like a template provides different sections to be completed or filled in. The people creating standard messages must be aware of the categories of information that everyone with their companies may need to meet their obligations and desires.

Three, in order for the messages to be automated as much as possible, they must use certain letters, numbers and symbols in specific order and be capable of being passed from one information technology (IT) system to another and then working well within those systems. I call that the coding part of their work.

These individuals from all of the different companies really work behind the scenes. Do you know who they are at your company?

The opening session

Somewhere between 130 and 200 individuals from North America, Europe and Asia are getting together for this 'plenary' session, a kind of meeting held each spring and each fall at some location around the world. This time we are in a hotel's conference rooms along the water in Oakland, California.

The individuals attending are mostly tech people who work at record companies, music publishers, authors' collective rights societies (mechanical and performing right societies/companies), recorded music performance rights/neighbors rights organizations (which I have been persuaded to more appropriately call Music Licensing Companies or MLCs), digital music service providers (DSPs) and related service providers. In other words, every kind of company in the digital music distribution chain is represented, the only music-related organization in the world that can boast of having this breadth of membership.

As over 100 individuals fill the room for the opening session, what immediately strikes me is the number of women attending. There are far more women working in this part of the business than I imagined. Most of them throughout the week are very actively involved in, and often leading, the highest levels of technical discussions.

No one is here to tout his or her own work or position within a company or to make a sales pitch. Indeed, after the group is asked for each person to introduce herself/himself, each person simply states his/her name and company then passes the mic along—except that I add, “Mark will explain why I’m here in a minute.”

After the morning introductory session, the large group breaks off into smaller specific working groups. Their goals are essentially to create better and more effective ways to communicate specific information among the participants in the digital music distribution chain.

Here is the very, very important part of this work to note and to remember:

When the standards can work well for the individuals tasked to handle such operations within these companies, the ultimate results are that more accurate identification and information about specific music, creators, rights holders and the uses of music are flowing smoothly through the distribution chain from creators to consumers/users and back to creators/rights holders; the information is flowing more quickly; the long-term costs to everyone in this chain are reduced; and the profits for everyone in this chain can be increased. When information is communicated in a ‘standard’ way, more of this information can be processed automatically with very little need for manual/human action or intervention. And when it comes to tracking and paying for trillions of listens to music, the use or failure to use standards is the kind of thing that can help make or break our industry, respectively.

Day one: Licensing

I join the Licensing Working Group. The general focus of this group is to create and support uniform ways for companies to exchange information in order to efficiently license songs that have been, or will be, recorded, and to request information about the ownership/control of those songs and the ownership/control shares being claimed for each of those songs. This is obviously essential for the companies licensing songs to be able to pay the correct rights holders their accurate shares of license fees.

This means that the messages asking for info about who owns or claims which shares of ownership/control over the songs recorded (or to be recorded) typically come from DSPs and record companies. The messages providing claims of ownership/control of the songs and the licenses typically come from publishers and authors’ societies (mechanical and performing rights societies/companies).

To gather all of the essential information accurately and efficiently is much more challenging than most people would imagine, especially considering the hundreds of thousands of recordings ‘released’ digitally each year. Not only are there license requests and ownership/control claims constantly being made, there is information provided originally that requires additional or updated information as time passes (augmenting the original messages), conflicts in the claims of ownership/control shares among multiple rights holders to be resolved over time (creating the need for

more messages related to more specific info), and Letters of Direction (letters directing payments or other activities to be handled in specific ways) to consider.

At this particular time, the group works through issues related to standards for messages related to Musical Works Notification (MWN), Musical Works Licensing (MWL) and Letters of Direction as well as challenges by some companies in putting these messages into use.

As is my uncontrollable nature, I find I must share some of my thoughts during this session. The focus on this day is very much limited to the US and the needs of record companies. I get that—the biggest challenges in licensing rights in recorded songs have been in the US with such an incredibly fragmented marketplace, and record companies have a huge stake in getting recordings out on time and distributed digitally without DSPs being disrupted over licensing problems. A couple individuals with major publishers certainly voice their thoughts, experiences and opinions on these standards from a publisher's point of view. How these message standards come into play in a broader way is a work in progress.

From this first session, there are two important take-aways for me. First, the work on these message standards began some years ago after the information needs of licensing entities (US-based labels mostly) for specific information were not being met or even addressed by international groups representing societies and publishers working on the way in which they communicate with each other. The licensing entities were left out of the mix. In my mind, exclusion is rarely a good thing. When there is exclusion or an expression of needs that is met with closed ears, those whose needs are not being met will—and often must—work around those who are excluding them.

Second, nearly everyone in the room on this day is very engaged in the discussions, seems to be listening to each other, and seems to be working toward developing mutually agreeable, workable solutions. That is a good thing.

Day two: Digital Reports

After attending more sessions of the Licensing Working Group, I join the Digital Sales Report Working Group (DSR). I imagine this group can get rather raucous from time to time given that it involves information shared between DSPs, on their use of music, and the rights holders—record companies, societies and publishers—who often want lots and lots of information. How much information and what kinds of information should or could be shared about music used digitally is always a rather hot topic.

To understand some of the challenges that this group faces in coming up with, and using across the industry, standard ways of communicating this kind of information efficiently, remember that there are basic audio recordings, user-generated content that includes recordings, and audio-visual works. Any of these recordings may also include samples of other recordings.

Also, with all sorts of digital music offerings including digital download sales, ad-supported uses, and subscription services with a range of subscription tiers that must be considered, the standards identifying each type of information to be provided in these reports is multi-faceted. There are also messages to be relayed over discrepancies in claims made as to the rights in part or all of a recording or a song recorded; information needed for royalty reporting; and information needed for radio broadcasts of music.

What engages me the most during these discussions is watching what information categories they create and adjust, add or delete, and why they make these decisions for the standards. After many years as a music lawyer negotiating deals, I can see how common industry deal terms are being put into effect to efficiently transmit the information between the parties while avoiding anything that could be too revealing (protecting confidentiality and competition concerns). They essentially help make the deal terms come to life.

It is at this point that I write the note to myself wondering why I am not yet bored and still thoroughly engaged with their discussions. I will try to answer the question later.

I leave to join three working groups for a joint session.

They dive into issues related to Electronic Release Notifications (especially focusing on how to share a lot of additional information—beyond what is necessary to license and pay royalties—that is essential to help consumers actively engage with voice-activated devices to request specific kinds or selections of music) and recording studio messages to accurately identify what comes out of a recording studio (Studio Working Group), among other things.

Night two: Party

I share a taxi with a recorded music executive, and we walk into the party at Pandora headquarters. After grabbing a drink and some food and talking with several people, a band starts playing.

I smile again when I see that three of the four members of this Los Angeles-based punk rock band, The Regrettes, are women. Warner Bros. Records released the band's first studio album early last year. Their performances are great (lead vocalist Lydia Night, guitarist Genessa Gariano, bass player Sage Chavis, drummer Drew Thomsen).

Everyone from the meetings seem to be having a good time together. Then I hear: "Susan, would you take a photo of us?" Someone with Warners is standing next to Night with two other people. I don't look at who is posing for the photo. I just pull out my iPhone, click for the photo, and then email it to her.

"Did you notice who is in that photo?" someone next to me asks. I look at the photo. Lead vocalist Night, of course, and three other people: one from Warner, one from Sony, and one from Universal. And in a DSP's headquarters.

We know this is not a common sight for the industry. This is, however, what this organization and these individuals are all about. Competition is set aside among these people in favor of cooperation in order to reach a necessary industry goal.

Day three: Neighboring Rights

I join the Music Licensing Company Working Group and, among other things, am persuaded by an executive to more accurately describe neighboring rights societies as part of the group of music licensing companies.

They are deep in discussions about certain messages and how certain standards could work for a project that is not yet ready to be announced—one that I promise to report on when they are ready. This could be a very cool thing for the industry.

In the afternoon, everyone again comes together for summaries of the work each group completed, and work they expect to complete. The groups involve the Digital Sales Report; Electronic Release Notification; Licensing; Music Licensing Companies; Studio; Linking; and Conformance among the standards.

My mind wanders off to think about how to answer that question I posed to myself. Why am I so interested in what they are doing?

The Answer

I know now the answer to my own question. These people, these groups, are working incredibly hard together and are very engaged with one another. When one is in the midst of people working so intently together in this way and talking about it openly, sharing their experiences and opinions, it would be hard to not be engaged with them as well.

They are discussing, and working on, very complicated matters that require a great deal of attention to detail for their efforts to work. That is something dear to my heart—taking on the complicated and the complex to make it more understandable and, therefore, more useful in our work, for our businesses.

They are working together. I see and hear so much competition inside and outside of the music industry, which is in concept ultimately good for business but can sometimes turn ugly and personal, so that being a part of everyone working together so well toward a common goal is, simply put, enjoyable. And these individuals seem to be, for the most part, inclusive.

Finally, they are working toward a common goal. Although individually they are likely focusing on their specific tasks at hand, I see where they are headed, the big picture and their so-important part in it: Setting aside competition among their companies to figure out ways for them to work together to make sure that licensed music gets to consumers and money flows from consumers through that distribution chain and back to creators accurately and effectively.

How can any fair-minded person in this business of music not want that to happen?

Take some time and ask around to learn who at your company works with DDEX—the Digital Data Exchange. I waited to mention the name of the group because the name kinda screams out: “This is going to be really technical stuff.” I want you to know instead about these people and what they do. After working in music for about 30 years, I am not easily impressed. The work of these individuals impressed me last week. You should acknowledge them, give them a pat on the back at least.

And by the way, even though they call their work ‘standards’ for messaging, they also call the way in which those standards or messages are used as ‘choreographies.’ That term is certainly not so technical for the lovers of creative works to understand, right? Knowing what it means to choreograph movements of people on stage perhaps makes it a little easier to understand what they are doing to create the fluid movement of information (data).

Pandora and Warner Music Group hosted this fall plenary meeting for DDEX.

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